

## Tips from IRS for Year-End Gifts to Charity

The Internal Revenue Service today reminded individuals and businesses making year-end gifts to charity that several important tax law provisions have taken effect in recent years.

Some of the changes taxpayers should keep in mind include:

### **Rules for Charitable Contributions of Clothing and Household Items**

Household items include furniture, furnishings, electronics, appliances and linens. Clothing and household items donated to charity generally must be in good used condition or better to be tax-deductible. A clothing or household item for which a taxpayer claims a deduction of over \$500 does not have to meet this standard if the taxpayer includes a qualified appraisal of the item with the return.

Donors must get a written acknowledgement from the charity for all gifts worth \$250 or more. It must include, among other things, a description of the items contributed.

### **Guidelines for Monetary Donations**

A taxpayer must have a bank record or a written statement from the charity in order to deduct any donation of money, regardless of amount. The record must show the name of the charity and the date and amount of the contribution. Bank records include canceled checks, and bank, credit union and credit card statements. Bank or credit union statements should show the name of the charity, the date, and the amount paid. Credit card statements should show the name of the charity, the date, and the transaction posting date.

Donations of money include those made in cash or by check, electronic funds transfer, credit card and payroll deduction. For payroll deductions, the taxpayer should retain a pay stub, a Form W-2 wage statement or other document furnished by the employer showing the total amount withheld for charity, along with the pledge card showing the name of the charity.

These requirements for the deduction of monetary donations do not change the long-standing requirement that a taxpayer obtain an acknowledgment from a charity for each deductible donation (either money or property) of \$250 or more. However, one statement containing all of the required information may meet both requirements.

### **Reminders**

The IRS offers the following additional reminders to help taxpayers plan their holiday and year-end gifts to charity:

- **Qualified charities.** Check that the charity is eligible. Only donations to eligible organizations are tax-deductible. Select Check, a searchable online tool available on IRS.gov, lists most organizations that are eligible to receive deductible contributions. In addition, churches, synagogues, temples, mosques and government agencies are eligible to receive deductible donations at <https://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check>. That is true even if they are not listed in the tool's database.
- **Year-end gifts.** Contributions are deductible in the year made. Thus, donations charged to a credit card before the end of 2015 count for 2015, even if the credit card bill isn't paid until 2016. Also, checks count for 2015 as long as they are mailed in 2015.
- **Itemize deductions.** For individuals, only taxpayers who itemize their deductions on Form 1040 Schedule A can claim deductions for charitable contributions. This deduction is not available to individuals who choose the standard deduction. This includes anyone who files a short form (Form 1040A or 1040EZ). A taxpayer will have a tax savings only if the total itemized deductions (mortgage interest, charitable contributions, state and local taxes, etc.) exceed the standard deduction. Use the 2015 Form 1040 Schedule A to determine whether itemizing is better than claiming the standard deduction.
- **Record donations.** For all donations of property, including clothing and household items, get from the charity, if possible, a receipt that includes the name of the charity, date of the contribution, and a reasonably-detailed description of the donated property. If a donation is left at a charity's unattended drop site, keep a written record of the donation that includes this information, as well as the fair market value of the property at the time of the donation and the method used to determine that value. Additional rules apply for a contribution of \$250 or more at <https://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Charitable-Contributions-Written-Acknowledgm>.
- **Special Rules.** The deduction for a car, boat or airplane donated to charity is usually limited to the gross proceeds from its sale. This rule applies if the claimed value is more than \$500. Form 1098-C or a similar statement, must be provided to the donor by the organization and attached to the donor's tax return.
- If the amount of a taxpayer's deduction for all noncash contributions is over \$500, a properly-completed Form 8283 must be submitted with the tax return.

IRS.gov has additional information on charitable giving, including:

- Charities and Non Profits <https://www.irs.gov/Charities-&-Non-Profits>
- Publication 526, Charitable Contributions <https://www.irs.gov/pub/irs-pdf/p526.pdf>

- Online mini-course, Can I Deduct My Charitable Contributions?  
<https://www.stayexempt.irs.gov/In-depth-Topics/Can-I-Deduct-My-Charitable-Contributions-2>